

SENATE—Thursday, July 12, 2001

The Senate met at 9 a.m. and was called to order by the Presiding Officer, the Honorable E. BENJAMIN NELSON, a Senator from the State of Nebraska.

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, the width and depth and height of Your love is beyond our understanding but never beyond our acceptance. Out of love for us You offer Your faithfulness, guidance, and strength. Then You give us work to do to accomplish Your plans through us.

So bless the Senators and all of us privileged to work for and with them with an acute awareness of our responsibility to You for what we do with the opportunities that You give us.

In response, we consecrate our lives and our work to You; endure them with Your enabling power. We will cooperate with You, seeking Your guidance and obeying You. And we will anticipate Your interventions to help us when we need You to inspire our thinking, strengthen our resolve, and assure success in our efforts for Your glory.

Today we ask Your special blessing for Jeri Thomson as she is sworn in as the Secretary of the Senate. Be with her, guide her, and direct her.

Now Lord, bring on the day; we are ready. You are our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE

The Honorable E. BENJAMIN NELSON led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. BYRD].

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, July 12, 2001.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable E. BENJAMIN NELSON, a Senator from the State of Nebraska, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. NELSON of Nebraska thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

BANKRUPTCY ABUSE PREVENTION AND CONSUMER PROTECTION ACT OF 2001—MOTION TO PROCEED

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a 3-hour period for debate prior to the cloture vote on the motion to proceed to the consideration of H.R. 333, with 2 hours to be under the control of the Senator from Minnesota, Mr. WELLSTONE, and 1 hour to be equally divided under the control of the chairman and ranking member of the Judiciary Committee or their designees.

The clerk will report the motion.

The legislative clerk read as follows:

A motion to proceed to the bill (H.R. 333) to amend title 11, United States Code, and for other purposes.

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

SCHEDULE

Mr. REID. Mr. President, as the Chair has announced, we are now going to resume consideration of the motion to proceed to the House Bankruptcy Reform Act. There are 3 hours of debate, divided as the chair has announced, prior to a cloture vote on the motion to proceed. Following consideration of this bankruptcy debate, under the previous consent order, the Senate will resume consideration of the Interior Appropriations Act with a vote in relation to the Nelson of Florida amendment. So at 12 o'clock there will be one vote, and at approximately 12:20 there will be another.

The majority leader, Senator DASCHLE, has asked me to announce that he has every hope that we can complete this bill—and the two managers last night indicated they believed they were very close to being able to complete the bill—at a reasonable time early this afternoon or this evening. If we cannot, we will work into the evening. And if we cannot finish it then, we will have to come back tomorrow. There is a lot to do. We hope we can finish this tomorrow. There are many things that both the majority and minority would like to do tomorrow if we have the Interior bill out of the way.

Mr. President, at 11:30, as has been announced, the Senate will swear in the new Secretary of the Senate, Jeri Thomson, who has really dedicated her

whole life to the U.S. Senate. I know for me it is a special occasion, as I am sure it is for anyone who knows Jeri. So I look forward to that and to a fruitful debate today.

I ask if there is anything from the minority, they be allowed to speak now.

The Senator from Minnesota is here. I did not see him in the Chamber earlier. He has his 2 hours.

The ACTING PRESIDENT pro tempore. Who yields time?

The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair. Mr. President, if I could get the attention of the Senator from Alabama.

Does the Senator from Alabama—does the minority need the floor right now to do some things? If so, I will be pleased to wait; otherwise, I am ready to go.

Mr. SESSIONS. No. I think we are here on bankruptcy and are glad to go forward.

Mr. WELLSTONE. Mr. President, normally I do not do it this way. I try not to rely too much on notes. But I want to try to be as detailed and as thorough as I can because what I am asking the Senate to do today is to step back from the brink and decline to go to conference with the House on the so-called bankruptcy reform.

I am going to be in this Chamber a number of times over the next week, maybe over the next several weeks. There is a lot that I want to say. There is a lot I think I should say as a Senator from Minnesota because I think Congress is about to make—or is headed toward—a very grave mistake.

So I will not attempt to say it all today. What I will do, however, is to speak, at least in a broad way, about why I feel so strongly in the negative about this bill.

I ask unanimous consent that several pages I have of titles of editorials about the bankruptcy bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EDITORIALS AGAINST THE BANKRUPTCY BILL

"Bad Timing on the Bankruptcy Bill," Robert Samuelson, the Washington Post, March 14, 2001.

"A Bad Bankruptcy Bill," San Francisco Chronicle, March 15, 2001.

"Reform Choice for Mr. Bush," the Washington Post, February 19, 2001.

"A Debt Bill Bankrupt of Decency," the Chicago Sun Times, March 15, 2001.

"Quid Pro Quo," the Arizona Daily Star, March 3, 2001.

"Deeper Hole for Debtors," Los Angeles Times, March 2, 2001.

"Business Dictated Bankruptcy Law," the New York Times, March 16, 2001.

"Congress, President Side With Banks, Not Consumers," the Atlanta Journal Constitution, March 16, 2001.

"Compounding Debt," the Boston Globe, March, 2001.

"Contributors to Irresponsible Acts; Credit-Card Firms Not Blameless in Bankruptcy Rise," James Sollisch, the Chicago Tribune, March 20, 2001.

"A Bankrupt Law?," Businessweek, April 23, 2001.

"Quid Pro Quo? Congress Examines Pardons But Overlooks Bankruptcy Bill," Arianna Huffington, the Dallas Morning News, March 6, 2001.

"Bankruptcy Overhaul Hits Needy as Well as Greedy," the Miami Herald, March 19, 2001.

"Congress Pushing Usury," Bismark Tribune, March 8, 2001.

"Hammering Bankrupt Consumers," Chattanooga Times Free Press, March 17, 2001.

"Protect Consumers as Well as Lenders," Chicago Daily Herald.

"Down on Your Luck? Tough," the Chicago Sun Times, March 25, 2001.

"Bankruptcy Change Would Hurt Business," Crain's Detroit Business, March 19, 2001.

"Bankruptcy Bill is anti-Family Measure," Intelligencer Journal (Lancaster, PA), April 3, 2001.

"Bankruptcy Bill Too Forgiving of Lenders," Dayton Daily News, March 18, 2001.

"Bankruptcy for Growth? No More," Nicholas Georgakopoulos, the Hartford Courant, March 21, 2001.

"Not Every Person Who Files for Bankruptcy is a 'DeadBeat'," Melinda Stubbee, the Herald Sun, March 20, 2001.

"A Flawed Bankruptcy Bill," the Milwaukee Journal, March 23, 2001.

"Add Balance to Proposed Law on Bankruptcy," the Morning Call (Allentown, PA), March 19, 2001.

"New Bankruptcy Bill is Still the Wrong Answer," the News & Record, March 5, 2001.

"Banking on Politics," the News Observer, March 7, 2001.

"In Bankruptcy Bill, Money, Talks," the Oregonian, March 18, 2001.

"Bankruptcy Bill Will Be Even More of a Headache," Jane Bryant Quinn, the Orlando Sentinel, April 18, 2001.

"No Interest in Consumers," the Palm Beach Post, March 7, 2001.

"Why Campaign Finance Reform? Look At Bankruptcy Bill," the Palm Beach Post, March 20, 2001.

"Bankruptcy Bill Exploits Students," Kate Giammarise, the Pitt News, March 26, 2001.

"Bankrupt Bill; This Reform Will Hurt Americans Who Are Struggling," Pittsburgh Post-Gazette, March 17, 2001.

"Cruel Bankruptcy 'Reform'," the Providence Journal-Bulletin, March 15, 2001.

"Bankruptcy Bill: So-Called Reforms Make Reckless Lending More Profitable," the Sacramento Bee, March 16, 2001.

"Bankruptcy Overhaul Lacks the Right Balance; While People Should Be Held Responsible for Their Debts, Creditors Also Should Be Regulated," San Antonio Express News.

"Bankruptcy 'Reform' Bill Helps Guess Who," the San Jose Mercury News, March 12, 2001.

"A Bad Piece of Legislation," the Buffalo News, March 3, 2001.

"Wiping the Slate Clean," Albany New York Times Union, March 1, 2001.

"Taking Care of Business," Robert Reich, the American Prospect, April 9, 2001.

"Bankruptcy Reform Law Supports Banks Interests," the Daily University Star (Texas), March 23, 2001.

Mr. WELLSTONE. "Bad Timing on the Bankruptcy Bill," Robert Samuelson, The Washington Post, March 14, 2001; "A Bad Bankruptcy Bill," San Francisco Chronicle, March 15; "A Debt Bill Bankruptcy of Decency," The Chicago Sun Times; "Deeper Hole for Debtors," Los Angeles Times; "Business Dictated Bankruptcy Law," New York Times; "Congress, President Side with Banks, Not Consumers," The Atlanta Journal Constitution; "Compounding Debt," The Boston Globe; "A Bankrupt Law?" Businessweek; "Bankruptcy Overall Hits Needy as Well as Greedy," The Miami Herald; "Congress Pushing Usury," Bismarck Tribune; "Hammering Bankrupt Consumers," Chattanooga Times Free Press; "Down on Your Luck? Tough," The Chicago Sun Times.

These are just kind of random samples:

"Bankruptcy Bill is Anti-Family Measure," Intelligencer Journal; "A Flawed Bankruptcy Bill," the Milwaukee Journal; "Banking on Politics," the News Observer; "In Bankruptcy Bill, Money Talks," the Oregonian; "Why Campaign Finance Reform? Look at Bankruptcy Bill," the Palm Beach Post; "Bankrupt Bill; This Reform Will Hurt Americans Who Are Struggling," Pittsburgh Post-Gazette; "Bankruptcy Bill, So-Called Reforms Make Reckless Lending More Profitable," Sacramento Bee; "Bankruptcy Bill Helps Guess Who?" San Jose Mercury News; "Bad Piece of Legislation," Buffalo News; "Taking Care of Business," Bob Reich in the American Prospect. The list goes on and on.

I have for over 2 years been fighting this bill, with some of my colleagues: Senators KENNEDY, BOXER, DURBIN, SCHUMER, LEAHY, and FEINGOLD. I will give myself a little bit of credit as to why we are still debating this bill and it has not passed. In truth, a great deal of the credit goes to the proponents of the bill because it has been their consistent refusal to compromise on the legislation that has made the job easier. I will go into some of the greedier aspects of this legislation in a moment.

Some have argued that the tactics have been extreme, that I have been at this over and over and over again in trying to block it. I would rather be spending my time not stopping the worst but doing the better. I much prefer to do that. But this is a disastrous piece of legislation. What has been done with this very harsh legislation is basically shredding one of the important safety nets, not just for low-income people but for middle-income people as well. Shredding that safety net so that people can no longer rebuild their financial lives is truly egregious.

To argue that the reason we need to do this is because a lot of people have been filing chapter 7 in order to get out

of repaying their debt and that they are untrustworthy, they don't feel any stigma, et cetera, simply doesn't hold up under any kind of scrutiny.

We know in the vast majority of cases, 50 percent of the people who file bankruptcy in this country file bankruptcy because of medical bills. Is somebody going to say they are lazy or they are slackers or cheats? We know beyond that one of the major causes of bankruptcy is loss of a job. More and more people are losing their jobs now; 1,300 taconite workers at LTV Company on the Iron Range of Minnesota just lost their jobs.

Is it divorce? Not surprisingly, many of our citizens who find themselves in the most difficulty are women after a divorce. They are the ones who are taking care of the children in most cases.

It hardly holds up that these are a bunch of slackers and a bunch of cheats we are going after. As a matter of fact, the evidence is clear—I will refer to studies later on—that at best there is maybe 3 percent abuse. What about the other 97 percent of the people?

Major medical illness is a double whammy because not only do you have to pay the doctor and the hospital charges, but in addition quite often you can't work. If it is your child, even if it is not you, it is the same issue: it is the medical bills. But then you are home taking care of the child. Now you have no other choice. You are trying to rebuild your life and file for chapter 7, and you can't do it any longer.

As I said, you can't argue that people overwhelmed with medical debt or sidelined because of an illness are deadbeats. This legislation assumes they are. It would force them into credit counseling before they could file, as if a serious illness or disability is something that could be counseled away. I had an amendment to this bill that would have created an exclusion for people who were filing for bankruptcy because of medical bills. It did not pass.

Women single filers are now the largest group in bankruptcy. They are one-third of all the filers. They are the fastest growing. Since 1981, the number of women filing increased by 700 percent. A woman single parent has a 500 percent greater likelihood of filing for bankruptcy than the population generally.

Divorce is a major factor in causing bankruptcy in America. Are single women with children deadbeats? This bill assumes they are.

The new nondischargeability of credit card debt will hit hard those women who use the cards to tide them over after a divorce until their income stabilizes. The "safe harbor" in the House bill, which proponents argue will shield low- and moderate-income debtors from the means test, will not benefit many single mothers who most need the help because it is based upon the

combined income of the debtor and the debtor's spouse, even if they are separated, the spouse is not filing for bankruptcy, and the spouse is providing no support for her, for the debtor and her children.

In other words, a single mother who is being deprived of needed support from a well-off spouse is further harmed by this piece of legislation which will deem the full income of that spouse available to pay debts for determination of whether the safe harbor and means test applies. It makes no sense whatsoever, and it is incredibly harsh.

Over the past 2 years, any pretense that this piece of legislation is urgently needed has evaporated. Now proponents and opponents agree that nearly all the debtors resort to bankruptcy not to game the system but, rather, as a desperate measure of economic survival and that only a tiny minority of chapter 7 filers, as few as 3 percent, can afford any debt repayment, according to the American Bankruptcy Institute.

Yet low- and moderate-income families, especially single-parent families, are those who need most the fresh start provided by bankruptcy protection. The bill will make it harder for them to get out from under the burden of crushing debt, and that is why I oppose it.

The second reason why I oppose this legislation is that the timing of this bill could not be worse. Basically people are not going to be able to file for chapter 7. Chapter 13 is going to be made more unworkable for many debtors. We had a situation where 4 years ago, when we first started this debate, the big banks and credit card companies were pushing so-called bankruptcy reform in good economic times. The stock market was soaring. The unemployment rate was coming down. But given the economy we find ourselves with right now, given the fact that we no longer have the same boom economy, that people are now out of work or underemployed, that these are harder times, rushing this bill through seems completely divorced from reality.

What is the most cited reason for filing for bankruptcy? Job loss, and the unemployment rate is rising. What is the second most cited reason? Excessive medical bills, and the cost of health care is rising, as are the number of uninsured. At the same time, we are going to make it impossible for people to file for chapter 7 and rebuild their lives.

While the bill will be terrible for consumers and for regular working families even in the best of times, its effects will be all the more devastating now because we have a weakening economy. It boggles the mind that at a time when Americans are most economically vulnerable, when they are most in need of protection from finan-

cial disaster, we would eviscerate the major safety net in our society for the middle class, and that is precisely what this legislation does. It is the height of insanity that we would be contemplating doing what we are doing given this economy.

It may be the case that the Congress and the President will ignore the plight of these families. Each one of them by themselves is not that powerful. Most folks assume this is never going to happen to us. Most people and most families never expect they are going to have to file for bankruptcy, but at least my colleagues should care about the effect on the economy.

This bill could be a disaster, but I do not want you to take my word for it. I want to quote some excerpts from a column by Robert Samuelson in the March 14 Washington Post. To put it delicately, Mr. Samuelson and I rarely agree on anything. In fact, he likes—I want to be intellectually honest about it—he likes the substance of the bankruptcy bill. All the more reason, I say to my colleagues, to pay attention to him. The title of the editorial is “Bad Timing on the Bankruptcy Bill.” He writes:

The bankruptcy bill about to pass Congress arrives at an awkward moment: the tail end of a prolonged boom in consumer borrowing. From 1995 to 2000, Americans increased their personal debts by about 50 percent to roughly \$7.5 trillion—a figure including everything from home mortgages to student loans.

Now comes the bankruptcy bill, which would make it slightly harder for consumers to erase debts through bankruptcy. Although the bill is not especially harsh, it could perversely worsen the economic downturn.

I do not agree with part of his characterization. I am now focusing on his argument about the effect of the economy.

He concludes:

The real pressures of high debt are now being compounded by scare psychology. “Drowning in Debt,” says the cover story of the latest U.S. News & World Report. “Why you’re in so deep—and how to get out before it’s too late.” The bankruptcy bill sends a similar message: Be prudent, don’t overborrow. The message is now about four years too late. Now it may simply amplify the growing gloom. This is not a bad bill, but it certainly is badly timed.

There you have it, I say to my colleagues. Not an opponent but a supporter suggesting that now is not the time, that we could end up prolonging or actually worsening the downturn in the economy.

He is not the only one. A May 21 issue of Business Week had an article titled “Reform that Could Backfire.” The article begins:

Just as bankruptcy reform seemed headed for certain passage, the economic omens point to a sharp rise in personal bankruptcies over the next few years. The likely results, says economist Mark Zandi of Economy.com, Inc., will be “much pain for hard pressed households, little if any gain for lenders, and, in the event of even a mild re-

cession, major problems for the overall economy.”

Again, this is not some leftwing rag; this is the magazine of note for corporate America—Business Week. If Business Week and PAUL WELLSTONE are in agreement on an issue, then I ask you: How can we be wrong?

The article concludes:

The drop in bankruptcies in recent years partly reflected the booming economy. Now, with sharply rising unemployment and slowing income gains, Zandi expects high household debt to take its toll. Especially at risk, he believes, are lower income families, for whom debt repayment dictated by the pending bankruptcy reform would entail tremendous hardship. “If the economy becomes mired in recession or sluggish growth,” he warns, “the loss of the spending power could significantly retard the recovery.”

I ask my colleagues, I ask the majority leader—I am not in agreement with him—what is the rush? Why do you want to do this to the economy? Why do you want to do this to families? Why are you prepared to go to such ridiculous lengths to move this legislation?

Mr. President, I have received a note, I say to Senator SESSIONS, that he wants a few minutes before 9:30 a.m. I did not see it until just now. I will be pleased to yield to my colleague.

Mr. SESSIONS. I will be returning later.

Mr. WELLSTONE. Whatever is best for the Senator from Alabama.

Mr. SESSIONS. Somebody else is going to be replacing me. The Senator can go right ahead. I thank the Senator for his courtesy, as always.

Mr. WELLSTONE. Mr. President, I do not really get this. One of the arguments being made is that what we are going to see is an increase in bankruptcies because of a slowing economy and high consumer debts that are overwhelming families and, therefore, we need to pass legislation to curb access to bankruptcy relief. Try that on for size.

For 2 years, while the good times were rolling, the proponents of this bill were citing the number of bankruptcy filings as a reason to pass the bill, although there actually was a dramatic drop in filings taking place. I never understood that argument.

Now they are turning around and saying we need to rush to do this because the economy is slowing down and many hard-working people, through no fault of their own, are going to find themselves in dire circumstances; therefore, we had better pass legislation that will curb their access to bankruptcy relief.

It is amazing: Increasing hard times, a lot of people finding themselves in these impossible financial circumstances, and now they want to make it harder for them to get a fresh start. The logic of this argument completely escapes me.

The point Mark Zandi makes in the *Business Week* article, as other economists have done, is that restricting access to bankruptcy protection will actually increase the number of filings and defaults because banks will be more willing to lend to marginal candidates. Indeed, it is no coincidence that the single largest surge in bankruptcy filings began immediately after the last major procreditor reforms were passed by Congress in 1984.

This is not a debate about winners and losers because we all lose if we erode the middle class in this country. We lose if we take away one of the critical underpinnings for middle-class people. Sure, in the short run big banks and credit card companies may pad their profits, but in the long run our families will be less secure and our entrepreneurs will become more risk adverse and less entrepreneurial.

The whole point of bankruptcy is to allow people to get a fresh start. Bankruptcy disproportionately affects the financially vulnerable, but it also disproportionately affects the risk takers, small businesspeople or entrepreneurs. Our bankruptcy system ensures that utter insolvency does not need to be a life sentence, but it can be an opportunity to start over, and that is what this bill erodes.

This is not a debate about reducing the high number of bankruptcies. No one can will a piece of legislation that can do that. Indeed, by rewarding—I make this argument—the reckless lending that got us here in the first place, we are going to see more consumers burdened with that.

It is amazing; there is hardly a word in this whole piece of legislation that calls for these credit card companies or lenders to be accountable as they continue to pump this stuff out to our children and grandchildren every day of every week. But this is perfect for them because they don't have to worry any longer. They get a blank check from the Government. No, this is a debate about punishing failure—whether self-inflicted—and sometimes it is—or uncontrolled or unexpected. This is a debate about punishing failure.

If there is one thing this country has learned, it is that punishing failure doesn't work. You need to correct mistakes. You need to prevent abuse. But you also need to lift people up when they have stumbled, not beat them down. This piece of legislation beats them down.

Both the House and Senate bills basically give a free ride to the banks and credit card companies, that deserve much of the credit—you would not know it from this legislation—for the high number of bankruptcy filings because of their loose credit standards. Even the Senate bill does very little to address this issue.

There are some minor disclosure provisions in the Senate bill. But even

these don't go nearly as far as they should. Lenders should not be rewarded for reckless lending. Where is the balance in this legislation? If we are holding debtors accountable, why don't we hold lenders accountable as well? I know the answer. These financial interests have hijacked this legislative process. As high-cost debt and credit cards and retail charge cards and financing plans for consumer goods have skyrocketed in recent years, so have the bankruptcies. As the credit card industry has begun to aggressively court the poor and vulnerable, is anybody surprised that bankruptcies have risen?

Credit card companies brazenly dangle literally billions of dollars of credit card offers to high-debt families every year, and they are not asked to be accountable. They encourage credit card holders to make low payments toward their card balances, guaranteeing that a few hundred dollars in clothing or food will take years to pay off. The length to which the companies go to keep customers in debt is absolutely ridiculous, and they get away with murder in this legislation. After all, debt involves a borrower and a lender. Poor choices or irresponsible behavior by either party can make the transition go sour.

So how responsible has the industry been? It depends on how you look at it. On the one hand, consumer lending is unbelievably profitable, with high-cost credit card lending the most profitable of all, except for perhaps the even higher costs on payday loans. We don't go after any of these unsavory characters. So I guess by the standard of the bottom line, they are doing a great job. This industry is thriving. These credit card companies are making huge profits.

On the other hand, if your definition of responsibility is promoting fiscal health among families, educating them on the judicious use of credit, ensuring that borrowers do not go beyond their means, then it is hard to imagine how the financial services industry could not be a bigger deadbeat. The financial services industry is the big deadbeat. The problem is that it is the heavy hitter, the big giver, and it has so much money that it dominates the politics in the House of Representatives and the Senate. That is part of what this is about.

Theresa Sullivan, Elizabeth Warren, and Jay Westerbrook wrote a book called *"Fragile Middle Class."* I recommend it to everybody. They write:

Many attribute the sharp rise in consumer debt—and the corresponding rise in consumer bankruptcy—to lowered credit standards, with credit cards issuers aggressively pursuing families already carrying extraordinary debt burdens on incomes too low to make more than minimum repayments. The extraordinary profitability of consumer debt repaid over time has attracted lenders to the increasingly high risk-high profit business of consumer lending in a saturated market,

making the link between the rise in credit card debt and the rise in consumer bankruptcy unmistakable.

Credit card companies perpetuate high interest indebtedness by requiring—and there is not a Senator who can argue against this practice—low minimum payments and, in some cases, canceling the cards of customers who pay off their balance every month. Using a typical monthly payment rate on a credit card, it would take 34 years to pay off a \$2,500 loan. Total payments would exceed 300 percent of their original principal. That is really what this is all about. A recent move by the credit card industry to make the minimum monthly payment only 2 percent of the balance rather than 4 percent further exacerbates the problem of some uneducated debtors.

These lenders routinely offer "teaser" interest rates which expire in as little as 2 months, and they engage in "risk-based" pricing which allows them to raise credit card interest rates based on credit changes unrelated to the borrower's account. It is just unbelievable what they get away with.

Even more ironic, at the same time that the consumer credit industry is pushing a bankruptcy bill that requires credit counseling for debtors, the Consumer Federation of America found that many prominent creditors have slashed the portion of debt repayments they shared with credit counseling agencies—in some cases by more than half. This may force some of these agencies to cut programs and serve even fewer debtors.

Well, Mr. President, I am sorry. I am glad there aren't a lot of Senators on the floor because it is hard to say this because you feel as if you are engaging in personal attacking. I don't mean it to be that way. I can't say enough about the hypocrisy of this legislation—not of individual Senators but the content of this legislation. It is incredible to me the way in which these banks and credit card companies have rigged this system, and we have this harsh piece of legislation in increasingly difficult economic times that is going to make it impossible for many families to rebuild their lives. The vast majority find themselves in these horrible circumstances because of medical bills, having lost their jobs, or divorce.

Do you know what. This legislation doesn't do anything about the egregious greed, the exploitive practice of this industry. All of us who have children know what they send out in the mail every day.

So the question is: PAUL, if the bill is as bad as you say, how come it has so much support? This is a lonely fight. Just a few Senators are in strong opposition. I don't mean it in a self-righteous way, and it doesn't make us closer to God or the angels. I don't understand why the bill is going through.

The bill has a lot of support in the Congress, and some of those who are supporting it, such as Senator SESSIONS and others, are worthy Senators. We have an honest disagreement. The President says he supports it. But the fact of the matter is—and I am not talking about a specific Senator; I don't do that because that is not what it is really about. At the institutional level, I believe the reason this legislation has so much support—I will repeat that—at the institutional level, I believe the reason this legislation has so much support is that it is a tribute to the power and the clout of the financial services industry in Washington.

Let's call it what it is. Might makes right. It is the financial might of the credit card companies and the big banks that are big spenders, heavy hitters, and investors in both political parties. It doesn't mean individual Senators support this legislation for that reason. I can't make that argument. People can have different viewpoints. But if I look at it institutionally, I can look at the amount of money those folks deliver, their lobbying coalition, and the ways in which they march on Washington every day, and I can't help but say that is part of what this is about.

Why has the Congress chosen to come down so hard on ordinary working people down on their luck? How is it that this bill is so skewed against their interests and in favor of big banks and credit card companies? These editorials in a lot of newspapers that say the Congress—the House and Senate—comes down on the side of binge banks, not consumers, are right. Well, maybe it is because these families don't have million-dollar lobbyists representing them before the Congress. They don't give hundreds of thousands of dollars in soft money to the Democratic and Republican Parties. They don't spend their days hanging outside the Chamber to bend a Member's ear.

Unfortunately, it looks as if the industry got to us first. The truth is that, outside of this building, the support for this bill is a pittance. I mean the truth of the matter is that if you go outside this building, support for this bill is very narrow. The support has deep pockets. Apparently the Congress responds to deep pockets—not apparently; it does. Everybody knows that. People know it in Nebraska; they know it in Alabama; they know it in Minnesota.

We can agree or disagree about this legislation, but that is the view people have. They say when it comes to our concerns about ourselves and our families, our concerns are of little concern in Washington. Part of that is the mix of money in politics. That is why the vote in the House is important and why everybody should know that McCain-Feingold and Meehan-Shays is just a step. Lord, we will have to do much more.

I am trying to win on a cloture vote on which I will get beat badly. Outside of this building, and I will stake my reputation on this—I hope I have a reputation—outside this building there is no support for this, or very little. People are not running up to us in coffee shops in Nebraska and saying, please pass that bankruptcy bill because, by God, that is the most important thing you can do that will help us.

People are talking about health care costs, childcare costs, good education for their children, a fair price for family farmers, how we can keep our small businesses going, the cost of higher education, the cost of prescription drugs, concern people will not have a pension, what happens when you are 75 or 80, in poor health, and you have to go to the poorhouse before you get help in a nursing home or home-based care and receive medical assistance. That is what people talk about. They don't say, please pass a bankruptcy bill so when we get into trouble, no fault of our own, because of medical bills or we lost our jobs, we will not be able to rebuild our lives. There isn't any support for this legislation outside this building. The deep pocket folks got to the Congress first, as they usually do.

There is opposition. You can know something about a bill by who the enemies are. Labor unions oppose the bill. Consumer groups oppose the bill. Women and children's groups all oppose the bill. Civil rights organizations all oppose the bill. Many members of the religious community oppose the bill. Indeed, it is a fairly broad coalition that opposes this. Behind them are millions of working families who have nothing to gain and everything to lose from this legislation. That is why I have been blocking this bill for over 2 years.

I come from the State of Minnesota. We had a great Senator and Vice President, Hubert Humphrey. He once said that the test of a society or the test of a government is how we treat people in the dawn of life, the children, in the twilight of their lives, the elderly, in the shadow of their lives, people who are poor, people who are struggling with an illness, people struggling with a disability.

By this standard, this bill is a miserable failure. There is no doubt in my mind this is a bad bill. It punishes the vulnerable and rewards the big banks and credit card companies for their own poor practices. For all I know this legislation will only get worse in conference. I hope that is not the case but it is my fear.

Earlier I used the word "injustice" to describe this bill. That is exactly right. It would be a bitter irony if creditors used a crisis, largely of their own making, to talk Congress into this legislation.

Colleagues, it is not too late to reverse the course of the bill. It is never

too late to pull back from the brink until we have leaped. We have not leaped yet. Let's step back. Let's do reform the right way. Let's wait until we are not adding to the economic pain that too many American families are already feeling. Let's not prolong the pain.

I urge the Senate to change the course. If I lose on this vote, then we will have to have another cloture vote, which will be next week, and there will be more discussion. From there, we will see.

I ask unanimous consent a number of editorials from newspapers all across our country be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Los Angeles Times, Mar. 2, 2001]

DEEPER HOLE FOR DEBTORS

The bankruptcy reform legislation President Clinton vetoed last year because it was unfair to consumers is being rushed through Congress again. This time, if passed, President Bush is sure to sign it into law. That would be a great victory for banks, paid for by consumers in financial trouble.

Banks and credit card companies pushing for the reform claim that current law is too lenient on those who file for bankruptcy only to avoid paying bills. There are admittedly abuses—3% of bankruptcies are filed by those with enough money to pay at least some of their creditors—but this legislation is too harsh on the genuinely distressed 97%. The House approved its version of the measure Thursday, but there is a chance it will be amended or defeated in the evenly divided Senate next week.

Credit card companies could hardly ask for a better law. They would have to take no responsibility for ever-more-aggressive lending, even to those with poor credit records. The companies know that some of that debt will go sour and they account for it in the high interest rates they charge cardholders. The bankruptcy bill deals them a few more aces, making it harder for debtors to get out from under.

Lenders, who spent millions of dollars lobbying for the legislation, argue that the current law allows too many consumers to walk away from debt. But a recent study by the independent American Bankruptcy Institute shows that in 97 out of 100 bankruptcies, the debtors, facing either catastrophic medical bills or loss of income, have hit bottom and cannot repay. Nearly 90% have no assets and owe, on average, \$36,000. They are either renters or live in homes worth less than \$100,000. The cars they drive are, on average, eight years old, and seven out of 10 don't earn enough money to cover their living expenses.

The new law would close the door to many consumers filing under Chapter 7, which does not require repayment, and force them into Chapter 13, where they can lose homes and cars. Even in Chapter 7, creditors can force borrowers to repay some of their debt.

Sen. Paul Wellstone (D-Minn.) is leading the battle against the unfair legislation, and he has the support of both California senators. He will need the backing of all Senate Democrats and a Republican or two next week when he takes his fight to the Senate floor.

[From the San Francisco Chronicle, Mar. 15, 2001]

A BAD BANKRUPTCY BILL

One of the low points in life is about to drop even lower. After soaking up record amounts of special-interest money, Washington is preparing a one-sided overhaul of bankruptcy law, a change that will help the credit industry and further punish debtors.

Last year, then-President Clinton wisely vetoed a near-identical plan. The bill, The Bankruptcy Reform Act of 2001, rewrites historic bankruptcy rules that aim to erase uncollectible debts and let consumers and businesses start over.

But with the new administration, the revived measure has easily passed the House and is due for a Senate vote this week. President Bush has indicated he will sign the legislation.

It's hard to know what's worse about this plan: the ingredients making it harder to wipe out debts or the lavish campaign contributions that shadow the bill.

Bankruptcy filings have grown during the last decade, although the numbers declined last year to 1.3 million cases. Most applicants seek the protection of Chapter 7, a category that allows unsecured debts—generally credit cards—to be canceled, while car and house payments remain.

The bill would push many more people to file for bankruptcy under Chapter 13, which would impose a 3- to 5-year repayment period for credit-card debt and allow creditors to go after cars and homes in some cases. The concept of bankruptcy as a fresh start will be ended.

The bill's supporters talk of personal responsibility, abuse of bankruptcy laws by deadbeats and millionaires who pour assets into mansions to shield money from bill collectors. But the real causes of bankruptcy are divorce, illness and layoffs. These are ruinous turning points that bankruptcy was designed to soften.

The money behind the bill is as overboard as the measure's provisions. Finance and credit-card firms gave \$9.2 million to both major parties last year, up from \$4.3 million in 1996. Bush's largest contributor was MBNA, the world's biggest credit-card issuer.

As the national economy cools, it's worth thinking about the need for effective bankruptcy rules. The law shouldn't be a haven for well-off debt-dodgers or spendthrifts who won't curb bad habits.

But these aren't the targets of this bill. Instead, the legislation hobbles a larger group of lower-income Americans, who will be held back by continuing debt for a longer time.

Debt may be choking the livelihood of more than 1 million Americans. But this problem should not be an opportunity for the credit industry to make even more money. The bankruptcy bill should be rejected by the Senate.

[From the Washington Post, Feb. 19, 2001]

REFORM CHOICE FOR MR. BUSH

Last December President Clinton refused to sign a bankruptcy bill, for the good reason that it was too tough on ordinary debtors who seek the protection of the courts and too generous to high-rollers with fancy tax accountants. Now Congress is returning to the subject: A bill recently moved through a House committee, and the Senate is preparing to mark up its version. Lawrence Lindsey, the White House economics adviser, has suggested that President Bush isn't sure whether to support a bill. The administra-

tion should make it clear that bankruptcy reform will only be signed if it is fairly balanced.

The case for reform is that the number of people declaring bankruptcy has nearly doubled over the past decade, and that this represents a damaging cultural shift toward irresponsibility. If the old stigma associated with bankruptcy evaporates, people may get the idea that they can borrow freely and then get off without repaying; this imposes costs on lenders, which in turn may be passed on to honest borrowers in the form of higher interest rates. Up to a point, this case is right—though it is also true that most people who file for bankruptcy do so because of a calamity such as illness, job loss or divorce.

The challenge for reformers is to limit irresponsible abuse of bankruptcy without being too harsh toward those who deserve second chances.

The bill Congress produced last year fell short in several ways. It failed to close the egregious homestead loophole, which allows expensively advised debtors to establish residency in Florida or Texas and buy million-dollar homes that they can keep while thumbing their noses at creditors. It did too little to discourage hard-sell tactics by credit card companies, whose relentless come-ons have done much to seduce consumers into debt and to dissuade them from early repayment. And it fails to restrict creditors' abusive practice of pressuring unsophisticated debtors into reaffirming their intention to repay even when they aren't legally obliged to.

This time around, senators from both parties are preparing amendments that might fix some of these abuses. The credit card industry, on the other hand, will be issuing reminders of the size of its campaign contributions. Experience shows that it will take presidential leadership to tip the scales against the lobbyists. Let's hope Mr. Bush delivers it.

[From the New York Times, Mar. 16, 2001]

A BUSINESS-DICTATED BANKRUPTCY LAW

Business interests generously supported Republican candidates in the last election and are now reaping the rewards. President Bush and Republican Congressional leaders have moved to rescind new Labor Department ergonomics rules aimed at fostering a safer workplace, largely because business considered them too costly. Congress is also revising bankruptcy law in a way long sought by major financial institutions that gave Republicans \$26 million in the last election cycle. President Clinton wisely vetoed the proposal last year, but a nearly identical bill has passed the House and another version was approved by the Senate yesterday. President Bush fully supports the overhaul.

The legislation makes it harder for debtors to have their credit card and other unsecured debt erased under Chapter 7 of the bankruptcy code. Instead, a rigid formula would require more debtors to file under Chapter 13 and partially repay all their debts.

The nation's bankruptcy laws have long reflected a delicate weighing of society's interest in giving people in distress a fresh start against the rights of creditors. Proponents of this overhaul claim it is needed to curb abuses by high-income debtors who run up big debts and then use the bankruptcy code to avoid repaying them. But the House bill allows wealthy debtors to keep their pricey homes, if owned more than two years, out of creditors' reach, so it hardly furthers that

avowed goal. The Senate, to its credit, voted to set a uniform \$125,000 limit on the value of a house that can be shielded. We hope this approach prevails.

On the broader issue, there is scant evidence that bankruptcy abuse is rampant. Studies consistently show that those obtaining Chapter 7 protection are truly in dire straits. That is partly because the credit card industry frequently bombards even low-income Americans who have a checkered credit history with offers for high-interest loans. Now credit card issuers want the government to reduce all risk from their profitable business.

The legislation will weaken an important protection available to people who fall on hard times as the economy slows. Its timing is as poor as are its merits.

[From the Atlanta Journal-Constitution, Mar. 16, 2001]

CONGRESS, PRESIDENT SIDE WITH BANKS, NOT CONSUMERS

Consumer confidence is slipping lower as 401(k) balances shrink amid a Wall Street collapse. Economists fear that fretful Americans will curtail spending enough to turn the hint of a recession into the real thing.

What better time to send consumers the clear signal that if hard times befall them, the government will be on the creditor's side, not theirs? With breakneck speed, Congress and President Bush are moving to do just that, so anxious are they to repay the banks and credit companies that showered them with unprecedented torrents of campaign money last year.

Certainly, the bankruptcy bill rapidly making its way toward the president's desk, written as it was by the creditors' own lobbyists, could be worse. But it could be a whole lot better, and the timing couldn't be farther off-base.

The bill is being sold as necessary to prevent irresponsible high-rollers from escaping debts they could repay. To the extent the bill accomplishes that, it's a good thing. But it also makes it much more difficult for many of us who are middle class by the skin of our teeth to get a fresh start after an unexpected setback, such as a layoff, medical problem or divorce.

For more than a century, bankruptcy law in this country has allowed insolvent debtors to eliminate or reduce credit card and other debt that is not secured by collateral such as a house. Under Chapter 7 bankruptcy, people can erase most unsecured debt. Chapter 13 bankruptcy allows debtors to retain key assets, such as a house, in exchange for repayment of share of debt under a court-ordered plan. Three of four debtors choose Chapter 7.

The current bill would bar most people with income above the median (\$39,000 nationally) from filing under Chapter 7 and eliminating credit card debt. Instead, they would be forced to file under Chapter 13.

What does this mean for you, if you're a middle-class worker forced into bankruptcy after a temporary layoff or other exigency? Even after you emerged from bankruptcy, the credit card companies would have as strong a claim to a share of your wages as would child support, alimony or other court-ordered obligation. In other words, your kids could get less of the pie so the banks could get theirs.

Although the scamming high-roller has received all the rhetorical attention, the truth is that most filers are anything but that. The median income is \$22,000 a year, and about two-thirds file after an extended period of unemployment.

The bill is good business for the credit companies, though. They'll see even higher profits, about 5 percent higher next year. For companies like MBNA, which would see about \$75 million extra, that's a whopping return on last year's investment in electoral campaigns of \$3.5 million.

Meanwhile, the blizzard of credit card solicitations continue to blow. There probably is no law Congress could, or should, pass to stop credit companies from bombarding even the most bankruptcy-vulnerable consumers with solicitations for easy, high-interest debt. Democrats couldn't even pass an amendment to place limits on credit cards granted to minors without parental approval. The best check on those lenders' practices is the potential for losses when they give credit cards to consumers with bad credit history.

And we're sure to see a slew of people do just that in the coming year, with or without this bill, as the economic shakeout continues. For most Americans who are only dimly aware of this legislation, the awakening will be rude indeed.

[From the Boston Globe]

COMPOUNDING DEBT

If the credit-card companies really wanted to do something about bankruptcies, they would stop filling the mailboxes of America with ever-more enticing pitches for new credit cards. Instead, they have teamed up with the banks to push a new bill that harshly penalizes families that end up in bankruptcy. Most do so because they lose their jobs, get socked by medical bills, or go through a divorce.

Senator Edward Kennedy calls the bill the "turkey of all turkeys." Laid-off workers will have even worse names for it if it is enacted and the economic slowdown puts more employees on the street.

Kennedy and other Senators get their chance this week to amend legislation that swept through the House on a 306-108 vote and has already been approved by the Senate Judiciary Committee. President Clinton vetoed a similar bill last year, but President George W. Bush has said he would sign it.

The bill's major shortcoming is that it makes it too difficult for families drowning in debt to qualify for Chapter 7 bankruptcy, which lets them wipe out credit-card debt and other unsecured loans. Instead, they would be forced into Chapter 13, which requires sometimes onerous repayments. An especially objectionable provision would force parents and children to fight credit-card companies to get their hands on alimony or child support from debtors going through bankruptcy.

Supporters of the bill, many of them recipients of campaign contributions from credit card companies and banks, in the past election, say it is aimed at the profligate rich who try to walk away from their obligations. In fact, a 1999 study by federal judges found that the median income of debtors seeking bankruptcy protection was \$21,500. Another study, done at Harvard, showed that in 1999 no fewer than 40 percent of all bankruptcies were due to unpaid medical bills.

Also, the legislation specifically ducks a chance to go after affluent debtors by keeping a loophole in current law that lets rich deadbeats in states like Texas and Florida shield their mansions in bankruptcy court. The credit industry had to swallow that provision to get the support of powerful politicians from those states.

Another less than creditable argument of the credit industry is that the rate of bank-

ruptcy filings is out of control. Although the total did rise from 718,000 at the beginning of the 1990s to peak of 1.4 million in 1998, it has declined in each of the past two years. What has increased in recent years is the deluge of easy credit solicitations with which the industry swamps the country. According to the Consumer Federation of America, the industry sent out a projected 3.3 billion credit-card pitches last year, an increase of 14 percent over 1999. The Senate should tell the industry to cut back on them before it seeks a more punitive bankruptcy law.

[From the Chicago Tribune, Mar. 20, 2001]

CONTRIBUTORS TO IRRESPONSIBLE ACTS; CREDIT-CARD FIRMS NOT BLAMELESS IN BANKRUPTCY RISE

(By James Sollisch)

Last week the Senate voted 85-13 in favor of tightening the bankruptcy laws and I received nine solicitations in the mail offering me credit lines totaling more than I make in a year. Several were preapproved. The bill is being pushed hard by banks and credit-card companies, including MBNA, the largest donor to the Republican Party this past election year.

Credit-card companies believe people should take more personal responsibility for their debts. A noble aim. And a perfect time to pose the question, "Why not make banks and credit card companies take more responsibility for their lending practices?" Let's make the bill a responsibility in lending and borrowing bill—because there's certainly enough irresponsibility to go around. In 1999, more than 1.3 million Americans filed for bankruptcy. That's up from 650,000 in 1990. Last year, lending institutions mailed out more than 33 billion solicitations. Coincidence? Only in the same way tobacco companies tried to tell us that smoking and cancer were coincidences.

We've spent the past eight years making the tobacco companies take responsibility for their misleading practices. Why are we so eager to give credit-card companies a free ride? These are the friendly folks who interrupt your dinner five nights a week to offer you a zero interest credit card for six months if you transfer all 14 of your other balances. And did we mention you're preapproved? These are the good people who send you that fake check three times a week for \$58,017—the amount of equity they figure you have in your home.

These are the decent corporate citizens who target college students, suggesting that a credit card is a smart way to pay for college expenses. Yeah, smart for the company that you repay at 18 percent when you could be repaying a college loan at 8 percent. These are the nice guys who still charge up to 24 percent in the states that will let them.

And these aren't just the small companies on the fringes of the industry—these are respected bricks and mortar institutions. I've gotten three equity lines of credit in the past 15 years on three homes. Each time the bank appraiser found that the value of my home was exactly the inflated number I estimated it to be on my application. How responsible is that?

Of course, lending institutions want us to be more responsible for our debt. But without more regulation of lending practices, lenient bankruptcy law is a much needed check and balance. If these companies want fewer people to go belly up on them, maybe they should tighten their lending requirements. If I invest in a risky stock—and who hasn't lately?—I'm not entitled to get my money back.

And that's what consumers are to credit card companies—investments. They're banking on our ability to repay them. So if they want safeguards, they should be willing to give up something in return. How about a solicitation tax? For every solicitation by phone or mail, the institution must pay a tax. The money could be used to educate consumers about the dangers of overextending their credit.

I'm sure the two chambers, which are about to reconcile their versions of the bill, can come up with additional ideas, some hopefully even more distasteful to the credit card lobby than a solicitation tax.

Mr. WELLSTONE. While I have the floor, I ask unanimous consent that my following remarks be included as part of morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(The text of the remarks of Mr. WELLSTONE can be found in today's RECORD under "Morning Business.")

Mr. REID. Madam President, I suggest the absence of a quorum and ask unanimous consent the time be charged equally against the proponent and opponents of the cloture motion now pending.

The PRESIDING OFFICER (Mrs. CLINTON). Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SESSIONS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SESSIONS. Madam President, I appreciate the opportunity to make some remarks about our bankruptcy bill that is now back before the Senate again. It is a bill that has been fought over, debated, improved, refined, changed and, I think, gained greater and greater support as we have proceeded.

I know there are some people who remain very emotionally in objection to it, but when analyzed carefully and the provisions in it examined, there is no doubt whatsoever in my mind that this bill is a major step forward for bankruptcy procedure in America.

Let me say what bankruptcy is and what it is not and what the bill is about. Bankruptcy occurs when an individual in America may be being sued and they can't pay their debt. The bill collectors are calling and their income just won't pay their debts. So they can go and file in a Federal bankruptcy court for relief under the bankruptcy laws. They can file under chapter 13, which says to the court, basically, I believe I can pay my debt back, but I can't live and be sued, have creditors calling me at home and that sort of thing. I will take a portion of my money. I will send it off to the bankruptcy court. You pay all my creditors in an orderly fashion, make sure they get paid, but keep them from suing me, harassing me, and bothering me, and

then I will be able to recover and get back on my feet.

That occurs a lot. In some States it is very small. In some States only 5 percent of the individuals file under chapter 13. Other States, it is much higher. In my State of Alabama, where chapter 13 originated, the number is almost 50 percent of the filers—I believe it is 50 percent—in some parts of the districts that file under chapter 13. They find it has great advantages. They are able to keep their automobile, for example. They are able to keep their home, keep more of their goods and services. It allows them to stretch out payments, to reduce the interest rates. Normally, the interest rates drop down to zero or whatever, and then they pay it off on a regular basis. It stops the harassment that comes when people legitimately are trying to collect the money the individual owes to them.

That is a good system. Too few people utilize chapter 13. It has some good advantages for themselves, not just for the people they are paying off. It has real advantages for them.

The other process which is more widely used is to file under chapter 7. You are in debt. You go down to the bankruptcy court and it wipes out all your debts. The debts are wiped out. Then the person is able to start afresh and not owe anybody. That is the common thing. It is the traditional great American value. It is referred to in the Constitution that the United States shall establish uniform laws for bankruptcy.

It has always been thought of as something we would do in the Federal Government. Bankruptcy laws are handled in Federal courts, and, therefore, to improve them, unlike most collection cases, unlike most criminal cases that are in State courts, these are in a separate Federal court.

It is important, since the last 1978 bill that passed, that Congress study what has been happening with bankruptcy and see what we can do to improve it. That is what has occurred here. It is not unexpected that people who are dealing in bankruptcy every day and see how the system works would be people who would have some concerns about it and be able to make suggestions about how to improve it.

First and foremost, it ought to be a high value of America that those who incur debt should pay it back if they can. We do not need to get to a point in this society when people can borrow money from someone, promising to pay them back, and just not do so for light or insignificant reasons.

Let me mention the bankruptcy filing issue. We have had a tremendous number of filings. In 1980, 2 years after the new bankruptcy act passed, there were just 287,000 bankruptcy filings. By 1999, 19 years later, the bankruptcy filings had jumped to 1.3 million a year,

a 347-percent increase. How did that happen? There are a lot of reasons for it. I suggest that a major factor for it is when you turn on your television at night on a cable station, or pick up your shoppers guide, there are advertisements and there are even billboards with lawyers saying: If you have got debt problems, call me and we will wipe them out. People call them. The lawyers don't get paid unless they take you to court and file for bankruptcy. So there is an incentive there to do that.

I want to mention something. In this 1998–99 period, we were in a very strong economy. Yet we reached the highest point of filings in history. This chart is a little bit out of date. It shows a drop in 1999. Around 2000, it has gone back up. But the numbers are much higher—maybe 3, 4 times what they were 20 years ago. We know we have a problem. Everybody knows that. I believe we can do something good for America.

Let me say this: After all the debate, we had a number of votes on this matter and had strong support each time. It is bizarre to me—and I came here in 1997—how hard it is to get a piece of legislation passed. The procedural posture of this bill is interesting. In 1998, the House passed a bankruptcy bill, and all of these are fundamentally similar to what we have today. It passed in the House 306–118. It passed the Senate 97–1. In 1999, it came back, and I think we recessed or something and we never got it to the President to have him sign it into law.

In 1999, it passed 313–108. In 2000, it passed the Senate 83–14. In the House, in 2000, it passed by a voice vote. It passed in the Senate 70–28 in 2000. In the year 2001, we came back again and the House passed it 306–108, and the Senate passed it 83–15. It still hasn't become law. How did this happen? At any rate, we are now moving to a point where we are going to make this happen. We have discussed and debated these issues, and we are excited now that we can perhaps see an end to this and have some real reform.

Let me mention one thing the bill does, which I think is significant. The bill provides that before you can go into bankruptcy court, you must at least inquire with a credit counseling agency, if there is one available in the community. The bankruptcy judge can certify if there is not one and would excuse this requirement. But most communities—virtually all of them—have a credit counseling agency. That agency is a voluntary group you can go to and discuss with them your debt situation and whether or not you have a chance to work your way out of it. They are very good with families. They bring in the mother, father, and sometimes the children, and they sit around the table and they discuss what is going on in the family's budget.

They call up this washing machine company that you have a debt with, or

the bank, or the credit card company, and they say: We are a credit counseling company and we are licensed. This family is in trouble financially. If you will reduce the required payments, reduce your interest, we will commit to you to work with them and see that you get paid so much a month, and in a year, 2 years, 3 years, we will have you paid off. They may even ask them to reduce the amount owed. They may owe you \$5,000 and there is no way they can pay that. They might say: They are thinking about bankruptcy. If you will agree to reduce your debt to \$3,000, I believe they will pay you all of that.

Sometimes these people do that. Sometimes they work out a budget and they teach the family how to get out of debt and get on their feet and start their lives again. That is a very good thing. My friends in the bankruptcy bar don't do that. When people go to them in response to their ads on television, they go in and talk to them and they say: You have enough debt; we ought to file chapter 7 and wipe this debt out.

So the debt is wiped out, but nothing has been done to deal with the problem in that family that may have caused the debt to begin with. Sometimes there is a gambling addiction, a drug or alcohol problem, and sometimes there are illnesses and problems that maybe this credit counseling agency can help them get help for. Our bill says before you can file for bankruptcy, you have to at least talk to a credit counseling agency and see if they might have a plan for the debtor that might be better than simply filing bankruptcy.

I think a lot of people would choose that option. I don't know how many. It may be 2 percent or it may be 10 percent. But if they know about that option, they will find it will be something good for them to do. We should consider that.

Now, my friend from Minnesota is very aggressive about this bill. He is emotional about this bill. He says two different things. He says, well, only 3 percent of the people will qualify for this thing, so the bill should not pass. Then he says that everybody is going to have their bankruptcy protections eliminated and it is a harsh bill.

Let's talk about the core matter within the bill. The core part of the bill says if you make above median income in America—which is around \$45,000 for a family of four—and you are able to pay back a certain percentage of the debt that you owe, you ought not to go into chapter 7 and wipe out all those debts. You ought to be required to go into chapter 13 and pay back the portion of those debts that you can—but under the court's protection, so nobody can sue you for debts and you can't receive phone calls and you are protected from harassment, but you pay the debt back. It is our view that if you can pay some of your debt, you should do that.

I think that is just and fair. I don't think the Federal bankruptcy law was ever conceived to create a situation in which a person can simply, routinely go in and file and wipe out all their debts, even though they can pay them back.

We have story after story of doctors and lawyers making \$100,000-plus per year going in and wiping out all their debts and keeping right on with the salary they were making. I don't believe that is justice. I don't believe that is right. I believe we have a right and a responsibility to say if you can pay back some of that debt, you should do that.

How many people will be covered by that? I don't know. Maybe 10 percent, or less probably. But 90 percent of the people, because they will be making below median income, will be able to file in bankruptcy just like they do today with very little change.

So this catches only what I would say are the abuses. Senator WELLSTONE said it is 3 percent. Maybe it is only 3 percent who make above median income. If so, only they will be affected. Even then, if your debts are large enough, you will be able to stay in chapter 7 and wipe them out if the court finds you can't pay them. But if you are making \$150,000 and you owe your neighbors and the bank and the hospital a total of \$150,000, most people would try to work and pay those debts down in some fashion. But why should a person making that kind of income just wipe them all out? This would say you would go to the court and you have to submit a plan. The court will put you into chapter 13, and the court may say you ought to be able to pay half of those bills, and you will pay them out on a monthly basis over 3, 4, 5 years, and nobody can sue you, nobody can call you at night and harass you. They will take care of the payment of the debt. You simply have to set aside a certain amount of your money. You can't throw it all away and wipe out debts that you owe.

It is true that a lot of people go into bankruptcy because of medical debt, hospital debt, and things of that nature. They didn't have insurance and they owe a lot of money for debts. Well, hospitals are not evil people. They are good institutions. Presumably, they supplied a need that they gave somebody health care and treatment and an operation and surgery, and whatever they needed, or fixed their legs that were broken, or whatever. So are we to say just because it is a hospital debt and you have the money to pay them and you make above median income, that we should never pay a hospital debt?

What kind of thinking is that? We have this growing mentality in America today. It is—I do not know how to describe it, but it reflects a rejection of enforcement of contracts and laws and plain meaning of words.

We have this deal where one has an obligation to pay if one can—I think people should pay—but if you are not able to and you make below median income, you will be able to wipe out all the debts just as in current law today.

A lot of complaints have been made that families will be impacted and that this will be damaging to them. It has been said that the bill is incredibly harsh; that debtors file for bankruptcy for survival, and many do, and that this bill will stop all of that. I do not think that is correct. It was said this bill will eviscerate a major safety net in this economy for middle America.

Let me tell you who benefits from this. Women and children benefit from this. Under the bankruptcy bill, deadbeat dads with above-median income and a moderate ability to repay debts will be required to enter chapter 13, just as I noted, supervised by a bankruptcy judge for 5 years. The deadbeat dads must pay all past due alimony and child support before the bankruptcy judge will confirm the 5-year plan. This Federal judge will make sure that alimony and child support are paid and paid first, ahead of the debts.

Under current Federal law in bankruptcy—and if we reject this bill, we will stay under current law—under current Federal law, child support and alimony payments rank seventh in the list of priority debts to be paid off in a bankruptcy proceeding. Incidentally, attorney's fees are now No. 1. This bankruptcy reform bill, on the other hand, reorganizes the priorities in a way that makes sense. Women and children come out to be No. 1 every time. This new priority list elevates child support and alimony payments to the top priority ensuring that those payments are made before any others, even above attorney's fees.

That is a historic step forward for women and children in America. Why anyone who claims to want to benefit children to further child support payments would want to kill this bill is beyond me.

It provides an automatic stay which is a trick some debtors have been using to get out of paying child support payments after they file for bankruptcy. In bankruptcy, they are given an automatic stay. That means the child support collection agencies that were trying to sue them for child support have to stop their lawsuit when a bankruptcy is filed. That is one of the principles of bankruptcy.

Once a bankrupt files, every litigation against that bankrupt is stayed and is brought into the bankruptcy court, not the State courts unconsolidated, so the bankrupt can get his life together and not be sued in every county and State where he owes money. It is a good thing, but that stay can be abused when it comes to child support.

This legislation ends that practice by exempting child support and alimony

support obligations from the automatic stay. They have to continue to pay and the lawyer or the State child support agency that is seeking to collect child support on behalf of a mother and children will be able to continue their efforts to collect the money, even though the deadbeat dad has filed for bankruptcy.

What about past due alimony and child support? The bill requires that a parent filing for bankruptcy must fulfill both their current and past due child support and alimony obligations before a judge can confirm a bankruptcy plan. They will ensure that the custodial parent gets effective and timely assistance from child support collection agencies by requesting the bankruptcy trustee and administrator to notify the parent and the State child support collection agency whenever a debtor owing child support or alimony files for bankruptcy. This notice will provide vital timely information to the custodial parent so that he or she can request help from the State child support enforcement agency if they desire.

What does all this mean? Jonathon Burris, of the California Family Support Council, put it in an open letter to Congress: The provisions included in this bill are "a veritable wish list of provisions which substantially enhances our efforts to enforce support debts when a debtor has other creditors who are also seeking participation in the distribution of the assets of a debtor's bankrupt estate."

In addition, Philip Strauss of the district attorney's Family Support Bureau—and most district attorneys around the country have as one of their obligations collecting child support on behalf of indigent spouses and children—wrote to the Judiciary Committee to express his unqualified support for the bill.

He notes that he has been in the business of collecting child support for 27 years. He knows what he is talking about. Mr. Strauss notes that the National Child Support Enforcement Association, the National District Attorneys Association, and the Western Interstate Child Support Enforcement Council support his views and support this bill.

I think that should put to rest any allegation that somehow we are abusing children in this legislation, that somehow it is harsh and not actually beneficial to them.

When a parent who is not paying child support and makes above-median income is forced into chapter 13 for 5 years, they are under a Federal judge's watch and order that entire time. During that 5 years, they have to send their money for child support or they can be held in contempt of court by the bankruptcy judge or have their bankruptcy benefits all thrown out. That to me is a benefit for families and children that is little understood.

There has been a lot of talk about credit cards. Remember, our bill focuses on how to process bankruptcy cases in bankruptcy courts. What kinds of notices that go on credit cards, how they declare their interest, what kinds of rules should cover them is a banking matter that is covered by an entirely different committee of this Congress, the Banking Committee.

The chairman of the Banking Committee has agreed to allow some provisions to be put in this bill, but he asserts his prerogative and the Banking Committee's prerogative, and has done so, to handle any major reform of credit card laws.

That is not what we are about in this legislation. This is bankruptcy court reform. It is not to reform all problems of credit in America, although we have some, and I am sure we will make progress on them.

I inquire, Madam President, about the time.

The PRESIDING OFFICER. The Senator has 34 minutes remaining.

Mr. SESSIONS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. GRASSLEY. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Madam President, we are about to vote on the cloture motion to proceed to the bankruptcy bill. I strongly urge my colleagues to vote for cloture.

I would like to say at the outset that I am pleased Senator DASCHLE has decided to move forward with the bankruptcy bill. It's only fair that we go through the regular order on bankruptcy, which is to take up the House-passed version, substitute that with the Senate-passed bill, and then proceed to conference to resolve differences between the two bills. The Senate bill, S. 420, went through proper procedure—in the 107th Congress, the Judiciary Committee held a hearing and markup of the bill, and then there was extended debate and amendments on the floor. In March, S. 420 passed out of the Senate by a vote of 83 to 15.

But, to tell you the truth, a bankruptcy bill should have been signed into law last year. We've been working on bankruptcy legislation for three Congresses now. The bill has passed both houses several times. Last year, the bill was unfortunately pocket-vetoed by President Clinton at the very last minute. The main reason we don't have a bill enacted into law is because of the determined efforts of certain Senators to delay and obstruct the process, even though a large bipartisan majority of the Congress supports bankruptcy reform. Certain Senators

have made a point of impeding progress on this important reform measure every step of the way. They've done this because left-wing interest groups think that bankruptcy should be easy. But the majority of us here in Congress don't think that should be the case.

The bill reforms the bankruptcy system to require repayment of debts by individuals who have the ability to pay their bills, by reinstituting personal responsibility in a bankruptcy system that is now all too often being used as a financial tool for deadbeats. It is clear that the bill reinjects an individual's personal responsibility in regard to his or her financial situation, while at the same time protecting the right of debtors to a financial fresh start when they are in a situation where they cannot repay their debts or have fallen on hard times through no fault of their own. I repeat, the bill does not eliminate bankruptcy as a recourse for people who come on hard times. In fact, the bill clearly indicates that it there is a change in the circumstances of a debtor, that will be taken into account. And that includes the loss of a job or unexpected medical expenses.

Furthermore, the bill strengthens protections for child support and alimony payments by making family support obligations a first priority in bankruptcy, up from number seven. What could help women and children more than moving family support obligations to the first priority in bankruptcy? We can't move them higher than number one, we've put women and children at the top. The bill makes staying current on child support a condition of discharge—debt discharge in bankruptcy is made conditional upon full payment of past due child support and alimony. So the bill makes payment of child support arrears a condition of plan confirmation. In addition, the bill gives parents and state child support enforcement collection agencies notice when a debtor who owes child support or alimony files for bankruptcy.

The bill requires bankruptcy trustees to notify child support creditors of their right to use state child support enforcement agencies to collect outstanding amounts due. I think that these provisions will help ensure that women and children are up front when there is a bankruptcy.

The bill does a lot more to help reform the bankruptcy system. For example, the bill makes permanent chapter 12 bankruptcy for family farmers and lessens the capital gains tax burden on financially strapped farmers who declare bankruptcy. As you know, we just extended chapter 12 for a few more months. It's high time that Congress get down to business and make chapter 12 permanent. I know that this is an important provision for many Senators out in farm country.

In addition, the bill creates new protections for patients when hospitals

and nursing homes declare bankruptcy. This was the subject of a hearing that I held in the Aging Committee when I chaired that committee, and so the bankruptcy bill will provide a "patient's bill of rights" to the elderly residents of bankrupt nursing homes.

Finally, the bill requires that credit card companies provide key information about how much people owe and how long it will take to pay off their credit card debt by only making a minimum payment. To help do that, the bankruptcy bill provides a toll-free number to call where individuals can get information on the length of time it will take to pay off their own credit card balances if they make minimum payments.

The bill prohibits deceptive advertising of low introductory rates, and provides for penalties on creditors who refuse to renegotiate reasonable payment schedules outside of bankruptcy. The bill strengthens enforcement and penalties against abusive creditors for predatory debt collection practices. And the bill includes credit counseling programs to help avoid and break the cycle of indebtedness. So, the bankruptcy bill that the Senate passed actually contains some of the most pro-consumer provisions we've seen directed toward the credit industry in years.

The reality is that a large majority of the Senate voted for this bill. It's clear to me that the majority of Senators want a bankruptcy bill to pass. We've worked on bankruptcy legislation for three Congresses now, and it is time for us to get down to the business of getting this bill over the goal line once and for all.

We already had an overwhelming vote on the Senate bill—83 to 15 votes. So I'm urging my colleagues to vote for cloture.

Madam President, since I do not see other people ready to speak, I suggest the absence of a quorum. I ask unanimous consent the time for the quorum call be evenly divided.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. HATCH. Madam President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Utah.

Mr. HATCH. Madam President, I am pleased to be here today to support the motion to proceed to H.R. 333, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2001. As my colleagues may remember, the Senate counterpart to this legislation, S. 420, passed this Chamber in a bipartisan vote of 83–15 on March 15. Additionally, the conference report to last year's bill, H.R. 833, passed the Senate by a

similarly wide margin just last December, but was pocket-vetoed by President Clinton at the very end of the legislative session.

Today, we are beginning what I hope will be the final leg of a legislative marathon, a leg I hope we can complete soon. This bill has passed both bodies in the 105th, 106th, and now the 107th Congress. It is time to wrap up this debate, reach consensus and present a good bill to the President for his signature so American consumers can reap the benefits.

I would like to briefly recount the legislative history of S. 420 during this Congress. S. 220, the Bankruptcy Reform Act of 2001 was introduced by Senator GRASSLEY in January and contained the same language as last year's conference report. That bill was given a hearing and amended in mark-up by the Judiciary Committee. After that the committee's bill was reintroduced as S. 420 by Senator GRASSLEY and others, and, after extensive floor debate and the adoption of several important amendments, it passed the Senate in an overwhelming vote. As you can tell, many compromises and agreements have already been reached on this bill. I look forward to working with members of the conference to reconcile the few remaining differences between the two bills.

Let me just take a minute at this point to talk about the highlights of this legislation.

First, it includes new consumer protections under the Truth in Lending Act, such as new required disclosures regarding minimum monthly payments and introductory rates for credit cards. It also protects consumers from unscrupulous creditors with new penalties for creditors who refuse to negotiate reasonable payment schedules outside of bankruptcy.

This bankruptcy reform act also requires credit counseling to help people avoid the cycle of the indebtedness. It provides for protection of educational savings accounts, and gives equal protection to retirement savings in bankruptcy.

The legislation would also put a stop to letting deadbeat parents use bankruptcy to avoid paying child support. It will also put an end to paying the lawyers ahead of children who rely on child support. It gives child support and other domestic support obligations first priority status. I am proud to have worked with Senators TORRICELLI and DODD on these important reforms. I am also proud to have cosponsored Senator CLINTON's amendment that further improved these provisions.

Current bankruptcy law simply is not adequate, and frankly I was outraged to learn of the many ways deadbeat parents are manipulating and abusing the current bankruptcy system in order to get out of paying their domestic support obligations. The bill is

a tremendous improvement for children and families over current law. That is why there is such overwhelming support for this legislation from the child support professionals across the country—the very people who go after deadbeats to get children the support they need. In fact, this bill includes a key provision that makes the full payment of past due child support and alimony a condition of getting a discharge in bankruptcy.

I also am pleased to have worked with the chairman of the Judiciary Committee, Senator LEAHY, to include for the first time, privacy protections in bankruptcy. That language protects personally identifiable information given by a consumer to a business debtor or by adding new privacy protections to the bankruptcy code and by creating a consumer privacy ombudsman to appear before the bankruptcy court.

Now, I am the first to acknowledge that there are things I would like to see changed in the bill, but I recognize that we all have cooperated and compromised in order to enact this legislation that provides new consumer protections, helps children in need of child support, and makes other necessary reforms to a system that is open to abuse.

I want to emphasize emphatically that his legislation does not make it more difficult for people to file for bankruptcy, but it does eliminate some of the opportunities for abuse that exist under the current system. Our current system allows certain people with the ability to pay to continue to abuse the system at the expense of everyone else. People with high incomes can run up massive debts, and then use bankruptcy to get out of honoring them. In the end, all of us pay for the unscrupulous who abuse the system. In fact, it has been estimated that every American family pays as much as \$550 a year in a hidden tax for these abusers. The bankruptcy reform legislation will help eliminate this hidden tax, by implementing a means test to make wealthy people who can repay their debts honor them. I support we could call this a tax cut for the responsible person.

There are numerous examples of people who take advantage of loopholes today at the expense of everyone else. A few months ago, I heard from the president of a credit union in Wisconsin, who told me about a young couple who wanted a "clean financial slate" before they got married. What did they do? They ran up their credit card purchases. One of them prepaid on a car loan with the credit union to have the other cosigner released. Then, although they were both employed full time, they filed for bankruptcy to wipe out all their debt. The credit union—and its members—had to eat the \$3,000 in credit card debt and another couple of hundred dollars on the car.

Bankruptcy relief was never meant to allow this kind of abuse. Hard-working Americans, including the members of credit unions nationwide, have been victimized by abusers of the current bankruptcy system long enough.

Bankruptcy abuse also hurts our nation's small businesses. Without reforms from this bill, losses from bankruptcy abuse will continue to break the backs of the Nation's small businesses and retailers, which work with slim profit margins and have even smaller margins for error.

Make no mistake: Misrepresentations about this legislation are still running rampant by those who oppose any meaningful bankruptcy reform. Yet despite the allegations of opponents of reform, the poor are not affected by the means test. The legislation provides a "safe harbor" for those who fall below the median income, so they are not subjected to the means test at all.

Another misrepresentation I have heard again and again is that this legislation won't let people file for bankruptcy relief when they need it. The fact is, this legislation does not deny anyone access to bankruptcy relief, it just requires those who have the means to repay their debts based on their income to do so. It is that simple.

Opponents of this legislation have also waged the claim that it somehow hurts women and children. This falsehood is a particularly disturbing for me to hear, because I have had a long history of advocating for children and families on Congress, and I have worked tirelessly, provision by provision, to make this legislation dramatically improve the position of children and ex-spouses who are entitled to domestic support.

It can be difficult to get the word out, when misrepresentations abound, about what bankruptcy reform legislation really does.

I am optimistic that this much needed bankruptcy reform legislation will be signed into law this year. We have a no-nonsense President in the White House, who understands the importance of personal responsibility. Let's get through these necessary house-keeping votes and move to enact meaningful bankruptcy reform.

I said many times during the debates on bankruptcy that the American people have waited long enough to have these improvements in the bankruptcy code that are fair to everybody and that basically require people to be responsible instead of irresponsible.

I yield the floor.

The PRESIDING OFFICER (Mrs. CARNAHAN). The Senator from Minnesota.

Mr. WELLSTONE. Madam President, I heard the Senator from Alabama, and I believe I heard the Senator from Utah as well, say that the core of the bill is the means test, and all the means test

does is force people to go into chapter 13. Therefore, the benefit doesn't affect low-income people, contrary to what I have said in this debate.

The means test is only 9 pages out of a 200-page bill. If the means test was all this bill consisted of, then this bill would have passed 2 years ago or 2½ years ago.

The bankruptcy bill purports to target abuses of the bankruptcy code by wealthy scofflaws and deadbeats who make up, by the way, 3 percent of all the filers, according to the American Bankruptcy Institute. Yet hundreds of thousands of Americans file for bankruptcy every year, not gaming the system—I need to say it more times—but because they are overwhelmed with medical bills.

Unfortunately, there are at least 15 provisions in S. 420 that make it harder to get a fresh start, regardless of whether the debtor is a scofflaw or a person who must file because they are made insolvent because of their medical debt or because they have lost their jobs or because of a divorce in the family and they are now a single parent with children. These measures not only include but also are in addition to the means test. If the means test was the whole piece of legislation, it would be quite a different story.

Neither the means test nor the safe harbor in the bill apply to the vast majority of new burdens that are placed on debtors.

Under S. 420, debtors will face these hurdles to filing regardless of their circumstances.

An analysis in the Wall Street Journal last week put it this way. These are not my words:

The bill is full of hassle-creating provisions, some reasonable, and some prone to abuse by aggressive creditors trying to get paid at the expense of others. In a thicket of compromises, Congress is losing sight of the goal of making sure that most debtors pay their bills while offering a fresh start to those who honestly can't.

That is the Wall Street Journal analysis.

This amendment will preserve the fresh start for those debtors who honestly can't make it because they are drowning in medical debt.

My colleague from Alabama said this is a bankruptcy bill. It only deals with the bankruptcy code and bankruptcy court reform, including banking measures targeted at credit card companies that Senator WELLSTONE suggested is inappropriate.

Why is it inappropriate? If the point of this legislation is to reduce bankruptcy, then it would seem to me that we might want to take a look at the big banks and credit cards that have been pushing for their legislation. They are the only ones pushing for this legislation. You are hard pressed to find a bankruptcy judge that supports this legislation. You are hard pressed to find a bankruptcy law professor, a

bankruptcy expert of any kind, anywhere, any place in the U.S.A. that backs this bill. This bill was written for the lender. It is that simple.

That is why this piece of legislation doesn't hold them accountable. It has basically been written for them.

It is ridiculous on its face that this legislation divorces irresponsible behavior of the credit card companies from the high number of bankruptcies. All of the evidence points to the fact that lenders and their poor practices are a big part of the problem. It is outrageous that we don't confront them. There isn't a parent in this country that is not well aware of the ways in which these credit card companies are constantly pushing these loans onto our children or onto our grandchildren. Everybody knows we are bombarded with it all the time.

Both the House and Senate bills basically give a free ride to banks and credit card companies that deserve much of the blame for the high number of bankruptcies because of their loose credit standards. But even the Senate bill does very little to address this issue. There is a minor disclosure provision, and that is it. It is pathetic. Lenders should not be rewarded for reckless lending.

Where is the blame? If we are holding the debtors accountable, why aren't we holding the lenders accountable?

Again, I want to make the argument one more time. I think we know the answer. This legislation has the support of a lot of people, and the President says he supports it. As a matter of fact, there are going to be precious few votes against cloture.

I am going to come back out here next week again and try to delay this bill. I am not arguing one-to-one correlation of any one Senator's vote on this legislation, but at an institutional level in terms of, if you will, where the mobilization of bias is. It seems to me it is crystal clear that this legislation is a tribute to the power and clout of the financial service industry in Washington. Let's call it what it is. This legislation is a tribute to the power and the financial might of the industry that has plowed millions and millions of dollars into this Congress.

Why has Congress come down so hard on ordinary folks who are down on their luck? Why is it that this legislation is so skewed towards the interest of big banks and big credit card companies?

I think the people who are going to be affected in a very harsh way are the 50 percent who file for bankruptcy because of medical bills. It is a double whammy—a medical bill you can't afford to pay, and maybe you can't work because of your illness or sickness or maybe it is your child's sickness or illness. A large part of the rest are people who are either out of work or because of the dramatic rise in single adult

households by women because of divorce with children.

Do you want to say these people are deadbeats? I think these families just do not have these million-dollar lobbyists representing them. They do not get hundreds of thousands of dollars in soft money such as either the Democratic Party or the Republican Party. They do not spend their days hanging outside the Senate Chamber to bend a Member's ear. I think what happened is the industry just got to us first.

The truth is—and I will conclude on this note—outside this building there is hardly any support for this legislation. It is a bad bill. It punishes the vulnerable and rewards the big banks and credit card companies for their poor practices.

I will tell you something. I am just trying to delay this, and then we will do it again next week. There are going to be very few votes, but I will say, even to my colleague from Iowa, who I insist is probably one of the best Senators in the Senate—I believe that; otherwise, I would not say it—this bill makes no sense to me. First of all, it made no sense to me when we started on this issue a number of years ago because the arguments were sort of outpaced by the data because all the bankruptcies supposedly were taking place. We were chasing a problem that did not exist, according to all the studies.

Now we are heading into difficult times. We are heading into hard economic times. More people are losing their jobs and medical costs are going up. We are going to make it hard for people to rebuild their lives. We are going to make it hard for people to rebuild their financial lives.

This piece of legislation is too one-sided, and it is too harsh. I will tell you, it is just testimony to the power of this industry. I do not do any damage to the truth when I say that when I am in a coffee shop in Minnesota, I do not—I repeat this again—have people running up to me saying: Please, Senator WELLSTONE, pass that bankruptcy "reform" bill because we think you ought to go after all the deadbeats and all the people cheating, although you have no evidence to support that you have a lot of cheaters—not when 50 percent of the people who file it do so because of medical bills, with more and more people losing their jobs, and, as I say, the most dramatic rise is among single adult women who head households.

People do not come up to me and say: Please, do that. They want to talk about the health care costs going up. They want to talk about a fair price, if they are farming. They want to talk about their children and education. They want to talk about the struggle to find a good job that pays a good wage so they can support their families. They want to talk about the costs of higher education. They want to talk

about their concern that they will not have a pension. That is what they want to talk about.

What in the world is the Senate doing making this a priority? The folks with the clout, with the power, and with the money got here first. I think that is what this is all about. I am going to continue to oppose this legislation.

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ELECTING JERI THOMSON AS SECRETARY OF THE SENATE

Mr. DASCHLE. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDENT pro tempore. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 129) electing Jeri Thomson as Secretary of the Senate.

The PRESIDENT pro tempore. Is there objection to the immediate consideration of the resolution?

Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the resolution be agreed to and the motion to reconsider be laid upon the table.

The PRESIDENT pro tempore. Without objection, the resolution is agreed to.

The resolution (S. Res. 129) reads as follows:

S. RES. 129

Resolved, That Jeri Thomson be, and she is hereby, elected Secretary of the Senate, effective July 12, 2001.

ADMINISTRATION OF OATH TO THE SECRETARY OF THE SENATE

The PRESIDENT pro tempore. The Secretary-elect will present herself to the podium for the taking of the oath.

The Honorable Jeri Thomson, escorted by the Honorable TOM DASCHLE and the Honorable TRENT LOTT, advanced to the desk of the President pro tempore; the oath prescribed by law was administered to her by the President pro tempore.

[Applause, Senators rising.]

NOTIFYING THE HOUSE OF REPRESENTATIVES OF THE ELECTION OF JERI THOMSON AS SECRETARY OF THE SENATE

Mr. DASCHLE. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDENT pro tempore. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 130) notifying the House of Representatives of the election of a Secretary of the Senate.

The PRESIDENT pro tempore. Is there objection to the immediate consideration of the resolution?

Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the resolution be agreed to and the motion to reconsider be laid upon the table.

The PRESIDENT pro tempore. Without objection, the resolution is agreed to.

The resolution (S. Res. 130) reads as follows:

S. RES. 130

Resolved, That the House of Representatives be notified of the election of the Honorable Jeri Thomson as Secretary of the Senate.

NOTIFICATION TO THE PRESIDENT

Mr. DASCHLE. Mr. President, I send a third resolution to the desk and ask for its immediate consideration.

The PRESIDENT pro tempore. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 131) notifying the President of the United States of the election of a Secretary of the Senate.

The PRESIDENT pro tempore. Is there objection to the immediate consideration of the resolution?

Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the resolution be agreed to and the motion to reconsider be laid upon the table.

The PRESIDENT pro tempore. Without objection, the resolution is agreed to.

The resolution (S. Res. 131) reads as follows:

S. RES. 131

Resolved, That the President of the United States be notified of the election of the Honorable Jeri Thomson as Secretary of the Senate.

Mr. DASCHLE. Mr. President, I might take a moment to speak on behalf of what I know is the entire Senate body but in particular the Democratic caucus in congratulating Jeri Thomson. She has been a professional's professional for the last 30 years.

She has served, as most of our colleagues know, as the Executive Assistant/Democratic Representative in the Office of the U.S. Senate Sergeant at Arms. Her responsibilities included managing all institutional issues for the Senate leader and all Democratic Senators. She had the responsibilities for all the plans and the implementation of the issues conferences and other events for the Democratic caucus and managed all aspects of participation by

Democratic Senators in the national party conventions.

But that is just the latest in a series of responsibilities that she has had that go back now almost three decades.

She was the Assistant Secretary of the U.S. Senate from 1989 to 1995. She served as the Chief Operating Officer of the Secretary of the Senate, managing 12 departments with approximately 250 staff members. Her responsibilities at that time included budgeting, policy and program development, and implementation of human resources management. The administrative reform and modernization programs were under her responsibility as well.

Prior to serving in that capacity, she was a senior staff member to Senator John Tunney; special assistant to the Sergeant at Arms; and the Deputy Director of the Democratic Congressional Campaign Committee.

Jeri received her bachelor of arts from the University of Washington. She was Kodak fellow at Harvard University's program for senior managers in government. She was selected as one of the 100 top data processors in government, industry, and academia for her work in automating the legislative processes and procedures in the Senate in 1993.

That is her resume. What you don't know in reading the resume is what kind of person she is. I know of no more dedicated person in the Halls of Congress than Jeri Thomson. I know of no one I have had a greater joy working with than Jeri Thomson. I know of no one who loves this institution more than Jeri Thomson. I know of no one who has greater respect among our colleagues in the Senate than Jeri Thomson.

It should come as no surprise that Jeri Thomson is now our Secretary of the Senate. I commend her for all she has done. I thank her for what she has now agreed to do. I wish her well as she begins this very important new responsibility.

I might add that her family, David James and two daughters, Kaitlin and Kristin, and mother Louise are all here to help celebrate this momentous occasion. We welcome Jeri's family. We thank them for being a part of this celebration and we wish them and Jeri well as they begin.

I yield the floor.

The PRESIDENT pro tempore. The Republican leader.

Mr. LOTT. Mr. President, I certainly join the distinguished Democratic leader in congratulating Jeri Thomson on her selection and election to be the Secretary of the Senate. I know that Senator DASCHLE, as majority leader, will have a very effective Secretary of the Senate in this fine person and that she will do her typical nonpartisan, fair and efficient job in this role.

We know Jeri. She has been here a long time. She is one of the institutions, if I might say—except for age, of